

ECONOMIC DEVELOPMENT

The following recommendations relate to programs designed to catalyze the economic development of the black ghetto. The recommendations are made with full knowledge of the difficulties inherent in proposing economic programs for a geographically defined segment of a total city, but at the same time, with a strong belief that the development of the ghetto cannot be accomplished by the same processes which are applied to more viable segments of the community. Only after this special infusion of money, time and human resources are provided in massive quantities, can we then begin to treat the ghetto areas as any other part of the city. The private sector has a unique role to play here, which cannot be accomplished by any other institution in our society.

The Urban Coalition recommends business support in the following ways to accomplish the goal of making the ghetto a viable economic part of our city:

Efforts are now underway to organize and charter a black controlled bank in the city. The benefits of a full service commercial bank with a special concern for the financial needs of the minority community are obvious, and have been recognized and widely acclaimed through the performance of Freedom National in Harlem, Seaway National on the Southside of Chicago, Unity in Roxbury, etc. Existing business firms and financial institution can provide strength and stability for such a venture through the loan of technicians to assist in the mechanics of establishing the bank; through a commitment to deposit corporate funds; the purchase of stock, etc. You will be interested to know that the State of New Jersey has indicated a willingness to consider placing State demand deposits in such a bank, if established. This act alone, on the part of the City of New York, has proved a major stimulus in making Freedom National more productive to the Harlem community. Another key to the rapid development of a viable minority business community is to make more readily available capital in the form of business loans. The difficulties of securing such capital by minority businessmen who may have difficulties meeting the traditional standards for such loans is now universally

recognized as one of the major stumbling blocks in efforts to develop stable minority businesses.

I am pleased to report that just a week ago, the three major banks in Newark... First National State, National Newark and Essex and Fidelity Union, agreed to establish a pool of one million dollars to be made available to minority entrepreneurs through a joint effort with the Small Business Administration, the Inter-racial Council for Business Opportunity. This program will be coordinated by the Urban Coalition, and represents a unique merging of the resources of the federal government, private banks and a privately supported, community-based organization. All of the agencies involved in this important commitment are to be commended, and it is our hope that other banks in the community may wish to join in this effort.

There is another project related to the area of banking which has been initiated but which has not come to fruition because of an incomplete commitment by the private sector. The State of New Jersey, through the Department of Community Affairs, has undertaken to set up a personal loan program for low-income residents. Implementation of this program requires creating a guarantee fund from private sources of \$150,000 to match the \$150,000 being committed by the State. Some \$90,000 has been committed to the guarantee fund to date, but the balance of \$60,000 must be committed before this program can be implemented. The Urban Coalition is now in the process of establishing a COMMUNITY DEVELOPMENT CORPORATION, which hopefully will serve as a major catalyst in the area of economic development. Once again we hope to bring together the unique resources of government, through a grant from the Department of Commerce for the initial money for the administrative costs for staff, etc; the community through their participation as Directors who will establish the priorities for the Corporation; the State has committed its resources of technical assistance and some funding.

A major purpose of the DEVELOPMENT CORPORATION will be the purchase of existing businesses in the ghetto area; and to assist in the creation of new businesses which will have minority ownership and managership. It will be one of the goals to become involved in businesses which are job producing, and which are either service or product producing, with a market inside and outside of the ghetto. The CORPORATION will be non-profit, but the businesses acquired by the CORPORATION will produce profits. The CORPORATION will utilize such profits to establish management training programs and other non-profit services which the community must have.

The role of the established business community here is critical. The success of such a project will require an extensive commitment of experts in finance, law, real estate, marketing, research, training, advertising, etc. In its initial stages, such talent cannot possibly be purchased by the CORPORATION, and therefore must be loaned. In addition, it will be necessary for the CORPORATION to sell stock to provide the seed capital to successfully launch it, and it is hoped that such offering will be received readily by private investors. Once again, this project brings together the unique resources of a variety of forces in the community, with the dual goals of profit and community development.

The Coalition has received assurances of support for this ambitious project from the state and federal governments, and endorsement and a willingness to participate from representatives of the ghetto community. The key element which remains to be achieved is the commitment of the business and financial community.